Calendar No. 863

91ST CONGRESS
2d Session

SENATE

REPORT
No. 91-865

AMENDING THE FOREIGN MILITARY SALES ACT

MAY 12, 1970.—Ordered to be printed

Mr. FULBRIGHT, from the Committee on Foreign Relations, submitted the following

REPORT

[To accompany H.R. 15628]

The Committee on Foreign Relations, to which was referred the bill (H.R. 15628) an act to amend the Foreign Military Sales Act, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

PRINCIPAL PURPOSES OF THE BILL

The principal purposes of H.R. 15628 are to:

(1) Prevent United States forces from becoming involved in a war in behalf of Cambodia and to insure that United States forces now in Cambodia are withdrawn;

(2) Authorize credit ceilings and the appropriation of funds for the military sales program, conducted under authority of the Foreign Military Sales Act, for the 1970 and 1971 fiscal years;

(3) Place restrictions on grants to foreign countries of excess defense articles;

(4) Require payment by foreign countries, in their own currency, of 50 percent of the fair value of grants of military aid and excess defense articles; and

(5) Place restrictions on the further transfer by recipients of arms and equipment obtained from the United States under the military aid and sales program.

COMMITTEE ACTION

On July 2, 1969, the Secretary of State submitted a draft of proposed legislation to amend the Foreign Military Sales Act. It was introduced by Senator Fulbright on July 16, 1969, as S. 2640. No

action was taken on the bill during the first session since the regular foreign aid bill, which contained the authorization for the military grant aid program, which is related, did not pass the Congress until December 19 and the appropriation bill not until January 28, 1970. On February 4, 1970, the executive branch submitted draft legislation to authorize a ceiling and appropriations for the military sales program for fiscal year 1971. This bill was introduced by request as S. 3429.

A public hearing was held on S. 2640 and S. 3429 on March 24, the same day that H.R. 15628 was approved by the House of Representatives. At that hearing testimony was received from the Honorable U. Alexis Johnson, Under Secretary of State for Political Affairs, and the Honorable David Packard, Deputy Secretary of Defense. On May 11 the committee held a hearing to receive testimony from executive branch witnesses on proposed amendments to H.R. 15628, including amendments relating to U.S. involvement in Cambodia. The witnesses were Mr. Thomas Pickering, Deputy Director of the Bureau of Politico-Military Affairs of the Department of State, and Lt. Gen. Robert H. Warren, U.S. Air Force, Director of Military Assistance and Sales, Department of Defense.

The committee met in executive session on May 11, and by a vote of 11 to 2 agreed to report the bill to the Senate with several amendments.

Background

Credit sales of military equipment to foreign countries are authorized by the Foreign Military Sales Act of 1968, which requires annual authorization by the Congress of both appropriations and a credit ceiling. Most of the countries which purchase arms under the program are less developed. Credit sales of military hardware to the great majority of the developed countries are financed either through the Export-Import Bank or commercial channels. H.R. 15628 would authorize appropriations and credit ceilings on sales for the 1970 and 1971 fiscal years.

Following a series of hearings disclosing a number of abuses in the arms sales program to less developed countries, the Committee on Foreign Relations in 1967 initiated repeal of the broad authority under which the Department of Defense made credit sales of arms to such countries. The revolving fund used to finance those sales was replaced in 1968 with a system, authorized by the Foreign Military Sales Act, which required annual authorization of both a ceiling for Government-financed credit sales and of the appropriations required to finance them. The act also authorized Department of Defense guarantees of commercial bank loans, with a 25-percent set-aside for a reserve fund.

The following tables provide data on the authorizations contained in this bill, historical data, and estimates for all U.S. military export sales:

Table I

H.R. 15628 AUTHORIZATION DATA

[In millions of dollars]

	Fiscal year 1969	Fiscal year 1970		Fiscal year 1971	
		Executive branch request	Committee recommendation	Executive branch request	Committee recommendation
Credit ceiling	296	350	300	385.0	300
Authorization of appropriations	296	275	250	272.5	250

Table II

MILITARY EXPORT SALES BY DEVELOPED AND LESS-DEVELOPED COUNTRIES, FISCAL YEARS 1965-71

[In millions of dollars]

Type of orders	Fiscal year—					Estimated, fiscal year—	
	1965	1966	1967	1968	1969	1970	1971
Developed countries [1]	1,406.5	1,836.8	1,319.7	1,060.2	1,448.7	1,506.8	1,434.6
FMS cash	1,087.8	1,377.7	766.7	649.4	1,070.7	880.2	952.4
FMS credit	58.8	167.7	246.4	130.0	104.3	124.0	135.0
DOD direct	(10.0)	(23.0)	(33.7)	(37.0)	(75.0)		
DOD guaranty	(48.8)	(211.7)	(212.7)	(93.0)	(29.3)		
Commercial	259.9	291.4	306.6	280.8	273.7	502.6	347.2
Less-developed countries	110.6	227.0	162.1	337.8	579.1	387.1	519.9
FMS [2] cash	44.3	53.8	50.0	150.5	347.0	110.2	221.0
FMS [2] credit	51.8	152.3	74.4	133.3	176.9	221.7	230.0
DOD direct	(24.1)	(42.9)	(23.9)	(40.2)	(150.9)		
DOD guaranty	(27.7)	(109.4)	(50.5)	(93.1)	(26.0)		
Commercial	14.5	20.9	37.7	54.0	55.2	55.2	68.9
International organization (FMS [2] cash)	5.5	25.9	45.0	29.9	32.9		
Unallocated (FMS credit)						4.3	20.0
Worldwide total	1,522.6	2,089.7	1,526.8	1,427.9	2,060.7	1,898.2	1,974.5
FMS [2] cash	1,137.6	1,457.4	861.7	829.8	1,450.6	990.4	1,173.4
FMS [2] credit	110.6	320.0	320.8	263.3	281.2	350.0	385.0
DOD direct	(34.1)	(65.9)	(57.6)	(77.2)	(225.9)	(250.0)	(235.0)
DOD guaranty	(76.5)	(254.1)	(263.2)	(186.1)	(55.3)	(100.0)	(150.0)
Commercial	274.4	312.3	344.3	334.8	328.9	557.8	416.1

[1] Economically developed countries are those so listed by Executive order for interest equalization tax purposes.
[2] FMS means sales made under authority of the Foreign Military Sales Act.

Source: Department of Defense.

Committee Comments

CAMBODIA

The substance of this bill relating to the military sales and grant programs are dwarfed by the significance of the provision relating to the U.S. involvement in Cambodia. The adoption of the Church-Cooper-Aiken-Mansfield amendment, section 7, by the committee, reflects both the members' grave concern over recent developments in Southeast Asia and a conviction that the time has come for the Congress to assert its constitutional powers in order to prevent a widening of the war. Members of the committee have tried persuasion, private and public, in an effort to prevent any U.S. involvement in Cambodia. But to no avail.

On April 2 and April 27, in meetings in executive session with the Secretary of State, members of the committee were virtually unani-

mous in urging that the United States not get involved militarily in Cambodia. The committee was assured by the Secretary that the committee would be consulted to the fullest extent possible concerning the situation.

On April 30, following the disclosure that American military advisers had crossed into Cambodia with South Vietnamese military units, the committee met and issued the following statement:

APRIL 30, 1970.

U.S. SENATE COMMITTEE ON FOREIGN RELATIONS

STATEMENT BY MEMBERS OF THE COMMITTEE ON FOREIGN RELATIONS

The deepening American involvement in Cambodia is a grave development.

In a meeting with the Secretary of State last Monday, members of the Foreign Relations Committee were virtually unanimous in expressing their deep concern over the possibility of any action by the United States that might involve our Nation further, directly or indirectly, in the changing situation in Cambodia.

American participation in South Vietnamese operations in Cambodia raises important questions concerning U.S. policy in the widening war in Indochina. These questions deeply concern the committee. They are being presented to the executive branch.

The committee has reserved judgment on possible courses of action until it has been more fully informed.

The committee will meet tomorrow, May 1, at 10 a.m. in room S-116, the Capitol.

The committee also sent the following letter to the Secretary of State asking questions concerning a number of issues of concern to members:

APRIL 30, 1970.

HON. WILLIAM P. ROGERS,
Secretary of State,
Washington, D.C.

DEAR MR. SECRETARY: At a meeting of the Foreign Relations Committee this morning, the members agreed unanimously that American participation in South Vietnamese operations in Cambodia raises important questions concerning U.S. policy. These are some of the questions which are of deep concern to the committee:

1. Does the executive branch consider that the SEATO Treaty has any application to the current situation in Cambodia? Is the Tonkin Gulf resolution considered to be applicable?

2. What authority is being relied upon to support the sending of U.S. forces into Cambodia? If it is to protect American forces in Vietnam, where will the line be drawn? It is considered that this authority would permit sending U.S. ground forces to knock out enemy bases in Cambodia? Air strikes in support of South Vietnamese or Cambodian troops? The defense of the Cambodian capital? If the enemy forces reestablish bases in another area of Cambodia, or a third country, does the executive branch believe it has authority to assist the South Vietnamese in seeking [illegible]

3. Does the administration plan to consult with the Committee on Foreign Relations concerning the sending of additional advisors or additional U.S. military forces of any kind into Cambodia? Is there any intention to ask the Congress to approve U.S. military involvement in Cambodia or the sending of military aid? Will the administration make public any agreement to provide military aid to Cambodia, directly or indirectly?

4. Is the present operation unique or the beginning of a pattern?

5. Why does the administration consider that eliminating the enemy bases in Cambodia is more important now than before the overthrow of Sihanouk? Was the existence of these bases an element in planning the Vietnamization strategy?

6. Did either the United States or South Vietnam consult with and obtain the Cambodian Government's approval for conducting the current operation? If its approval was obtained, what, if any limits were imposed?

7. What impact has this operation had, or is it likely to have, on the efforts by Indonesia and others to bring about an Asian conference to discuss the Cambodian problem?

The committee has reserved judgment on possible courses of action until it has been more fully informed. Answers to the above questions will be helpful in its consideration of the policy issues involved. The committee would, therefore, appreciate having this information as soon as possible.

Sincerely yours,

J. W. FULBRIGHT, *Chairman.*

A reply has not been received to the Committee's letter.

Subsequent events proved that many of the committee's concerns were well founded. Within a matter of days U.S. forces were deeply involved in several operations in Cambodia.

The committee had hoped to have the benefit of thorough dialogue, by means of the regular hearing process, with responsible officials in the executive branch, prior to acting on proposed amendments to this bill relating to U.S. intervention in Cambodia, However, it was not able to obtain such testimony at the hearing called for that purpose.

Mr. David M. Abshire, Assistant Secretary of State for Congressional Relations, was asked in writing to arrange for executive branch witnesses for a May 11 hearing on the Church-Cooper-Aiken-Mansfield, and other amendments proposed to H.R. 15628. The witnesses who came were not prepared to discuss that amendment, other proposals concerning U.S. policy in Southeast Asia, or developments in that region.

Although the committee did not succeed in obtaining testimony on the subject, it believes that it would be a abdication of its responsibilities to delay action further on the issue, in view of the rapidly moving situation in Southeast Asia. After considerable discussion in committee an amendment proposed by Senators Church, Cooper, Aiken, and Mansfield was adopted by a vote of 9 to 5.

The amendment is simple and straightforward. Its purpose is to prevent U.S. involvement in a wider war in Southeast Asia and to hasten the withdrawal of American forces from Vietnam. In order to do so, it would prohibit use of any appropriated funds for the purpose of:

(1) Retaining U.S. forces in Cambodia;

(2) Paying the compensation or allowance of, or otherwise supporting, directly or indirectly, any U.S. personnel in Cambodia who furnish military instruction to Cambodian forces or engage in any combat activity in support of Cambodian forces;

(3) Entering into or carrying out any contract or agreement to provide military instruction in Cambodia, or to provide persons to engage in any combat activity in support of Cambodian forces; or

(4) Conducting any combat activity in the air above Cambodia in support of Cambodian forces.

The committee is fully aware that the restrictions recommended do not go as far toward ending U.S. involvement in Southeast Asia as some would choose, and that they go further in restricting the President's authority than others would choose. This provision will not end the war of itself; it seeks only to prevent a wider war. And in accomplishing this it may point the way to peace. Almost 50,000 of America's finest young men have lost their lives, and 276,000 more have been wounded as a result of the Vietnam war. Members of this committee do not want the quagmire of Vietnam to spread into Cambodia. And, in spite of the best intentions of the President and his advisers, forces and events may intervene which are beyond the control of the President, and if past experience is a guide, we run the grave risk of repeating the errors of Vietnam in Cambodia and of finding our Armed Forces fighting on yet another front in a war which seems without end. It is time for the Congress to exert its constitutional authority to assist in bringing this war to an end. This provision is a small, but important, step in that direction.

The following comments were received from the Department of State on a slightly different version of the amendment approved by the Committee:

DEPARTMENT OF STATE,
May 11, 1970.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I am glad to have the opportunity of expressing the views of the Department of State on the draft Cooper-Church amendment to the Foreign Military Sales Act.

The Department of State believes that the general thrust of the amendment is in consonance with the President's expressed intentions concerning the limited role of U.S. forces in Cambodia. Those forces will complete their operations and return to Vietnam by July 1, probably earlier. The primary mission of the actions in progress is to protect U.S. and allied forces in the Republic of Vietnam and to reassure the Vietnamization program.

As a general principle we do not consider it desirable that actions of the Commander in Chief should be subject to statutory restrictions. In any case, no such amendment should restrict the fundamental powers of the President for protection of the armed forces of the United States. As it stands, however, the amendment might be so interpreted, thus limiting the President's authority to take actions

to this reservation, we have no objection to subparagraph 1. We

believe, however, that subparagraphs 2 and 3 are subject to a great variety of interpretations which might adversely affect the President's policy on Vietnamization and steady replacement of American combat forces in Vietnam.

Since I do not believe that the framers of the amendment intend to diminish in any way the right of the President to act for the protection of U.S. forces, I urge that the committee consider revising the amendment to make it clear that the President is entitled to take action to protect the lives of American troops remaining with the Republic of Vietnam. We would also like the opportunity to assist in clarifying subparagraphs 2 and 3.

Sincerely,

DAVID M. ABSHIRE,
Assistant Secretary for Congressional Relations.

Military sales

Although many members of the committee continue to view the military credit sales program with considerable skepticism, it has approved continuation of the program for the 1970 and 1971 fiscal years at approximately the same level as that in effect in fiscal year 1969. It should be made clear that this program applies primarily to sales of military arms and equipment to underdeveloped countries, not to the rich nations whose purchases account for about three-fourths of the dollar value of all U.S. military export sales. In the 1970 fiscal year developed nations are expected to buy $1,448 million out of an estimated total of $1,893 million in military export sales. Three years ago in recommending repeal of the Department of Defense's broad authority to finance sales of weapons to less developed countries, the committee said in its report to the Senate:

> The purpose of the amendment is to get the Department of Defense out of the business of financing sales of sophisticated military hardware, on liberal credit terms, to countries which, in the committee's judgment, do not have defense needs which justify American subsidization or involvement. Current policies have resulted in U.S.-furnished arms appearing in the hands of both sides in all too many regional disputes around the globe, sapping scarce resources which should be used for economic development, and creating an "arms merchant" image for this country which contrasts with our basic objective of promoting world peace. The committee's actions will help force the executive branch to practice what it preaches about preventing arms races and discouraging wasteful military expenditures by poor nations.

Although the credit authority approved by the Congress in the Foreign Military Sales Act in the following year is an improvement over the open-ended revolving fund previously used, it is still questionable if a Government-sponsored sales program, to poor countries, of this magnitude serves the national interest. The committee will give more detailed study to this subject in connection with the review next year of our foreign aid policy.

PROVISIONS OF THE BILL

Section 1—Illegal seizure of American vessels

H.R. 15628 also amends section 3(b) of the act which prohibits the sale of defense articles and services to countries who seize American fishing vessels in international waters.

Section 1 makes the following changes to section 3(b) of the act, in order to perfect the intent and implementation of the restriction:

(i) The words "for engaging in fishing" have been substituted for "engaged in fishing" to make it clear that the restriction is aimed at seizures because of fishing activities.

(ii) A new sentence has been added to make it clear that the restriction does not apply where the seizure is lawful under an international agreement to which the United States is a party.

(iii) In lieu of an indefinite cutoff of sales after an unlawful seizure, the revised language specifies that the period of ineligibility for sales shall be 1 year after each unlawful seizure.

(iv) The words "sales, credits, or guaranties" have been substituted for "sold" to make it clear that an unlawful seizure will make the seizing country ineligible for further contracts of credit or guaranty as well as for further contracts for sale. This change is not intended to require a cutoff of the pipeline of undelivered items or of undisbursed obligated funds.

(v) New language has been added authorizing the President to waive the restriction when he receives reasonable assurances from the country involved that future violations will not occur.

Section 2—Authorization of appropriations and credit ceiling

Subsection (1) amends section 31 of the act and authorizes new obligational authority of $250 million for each of the 1970 and 1971 fiscal years. This compares with the executive branch request of $275 million for fiscal year 1970 and $272.5 million for the 1971 fiscal year. Through use of the guarantee authority, the sums authorized will be more than sufficient to finance the sales program authorized by the ceiling set by subsection (2).

Subsection (2) sets a credit ceiling on foreign military sales of $300 million in each of the 1970 and 1971 fiscal years. The executive branch had requested a credit ceiling of $350 million for each year.

Section 3—Restrictions on sales to Latin American and African countries

Section 3 of the reported bill amends section 33 of the act, which relates to regional ceilings on foreign military sales.

Subsection (a) makes the fiscal year 1969 ceiling of $75 million for Latin American countries a continuing ceiling applicable in each fiscal year. No change is made in the dollar amount of the ceiling.

Subsection (b) makes the fiscal year 1969 ceiling of $40 million for African countries a continuing ceiling applicable in each fiscal year. No change is made in the dollar amount of the ceiling.

Section 4—Statement of policy

Section 4 of the reported bill amends the last paragraph of section 4 of the Foreign Military Sales Act. Section 1 expresses the sense of the Congress on "the need for international defense cooperation [illegible]." The last paragraph of existing law provides that sales and guaranties made under the act "shall not be approved

when they would have the effect of arming military dictators who are denying social progress to their own people." The amendment broadens this caveat by providing further that no sales or guaranties shall be approved in those cases where it is found that such sales and guaranties would have the effect of "denying the growth of fundamental rights or social progress to their own people."

Section 5—Sales to the Middle East

Section 5 expresses the sense of Congress that the President should negotiate with the Soviet Union and other powers a limitation on arms shipments to the Middle East. This amendment further provides that the President should be supported in his position that arms will be made available and credits provided to Israel and other friendly states to the extent he deems necessary in order for such states to meet threats to their security and independence. If the authorization provided in the Foreign Military Sales Act is insufficient to effectuate this policy, the President should promptly submit to the Congress requests for supplementary authorization and appropriation.

Section 6—Review of military programs

This section expresses the sense of the Congress that the President should institute a comprehensive review of U.S. military aid and sales programs and that he should work with other nations to control the distribution of conventional weapons. The committee has long endeavored to bring about more enlightened policies in our own Government concerning grants and sales of conventional weapons. It is hoped that the review called for under this section will bring about a genuine reexamination of our arms sales and aid policies which will lead to further improvements.

Section 7—Prohibition of assistance to Cambodia

The objective of this section is to avoid the involvement of the United States in a wider war in Indochina and expedite the withdrawal of U.S. forces from Vietnam. It is intended that the provision will insure both that U.S. forces are withdrawn from Cambodia and that our forces do not become involved in a war in behalf of Cambodia. In order to accomplish this the section prohibits use of any funds for certain specific purposes.

(1) It would prohibit use of appropriated funds to retain any U.S. forces in Cambodia. This provision will prevent the indefinite presence in Cambodia of U.S. forces in Vietnam which are now there to engage in actions against Vietcong and North Vietnamese forces and bases. The provision was drafted in keeping with the President's assurances to the Nation that the current operations involving U.S. forces are temporary and that U.S. forces will soon be withdrawn. This provision will say, by law, that the operation is temporary in nature and that U.S. forces shall not be sent again into action in Cambodia. This is also in accordance with the statement made by the President in his May 8 news conference "* * * that if the enemy does come back into those sanctuaries the next time the South Vietnamese will be strong enough and well trained enough to handle it alone."

This language would not prohibit the stationing of U.S. personnel in Cambodia as advisers to South Vietnamese military units. If South Vietnamese troops either stay in Cambodia or leave and later return,

as the President has indicated they may do, this provision will effectively prohibit any U.S. participation as advisors in those operations.

(2) Subparagraph (2) is designed to prevent (A) involvement by U.S. personnel, military or civilian, in combat activities in support of Cambodian forces, and (B) any U.S. personnel from providing military instruction to Cambodian military forces.

The President said on April 30 that. " * * * we shall do our best to provide the small arms and other equipment which the Cambodian army of 40,000 needs and can use for its defense." U.S. involvement in Vietnam began with an aid program. The sending of military advisers almost invariably follows, unless the military assistance is confined to the small arms which the President mentioned. Now that the decision has been taken to send weapons to Cambodian forces, unless Congress takes action, the sending of U.S. advisers could very well be the next fatal step into the Cambodian quicksand.

(3) Subparagraph (3) is intended to prohibit any U.S. financed contracts or agreements which provide for persons, other than American personnel, to engage in combat in support of Cambodian forces or to provide military instruction in Cambodia. It would prohibit the United States from doing indirectly what cannot be done directly because of the restriction in subparagraph 2. It would, for example, prevent the United States from paying for the services of mercenaries or others who, without this provision, could be brought in to aid the Cambodian forces.

(4) Finally, subparagraph (4) would prohibit financing with U.S. funds combat activity in the air above Cambodia in support of Cambodian forces

Section 8—International fighter aircraft

Last year's defense authorization bill contained authority for funds to develop an "International Fighter", an aircraft for which the United States does not have a military need. It was to be developed solely for the purpose of selling or giving it to foreign countries. The proposal, as passed, was limited to authority to provide the aircraft to nations fighting in Vietnam and the project was justified to the Senate on the grounds that the program was necessary for implementing the Vietnamization plan. Under the authorization, however, the plane could be provided to both Thailand and South Korea out of the defense budget.

Section 8 requires that any sale or grant of this aircraft, other than to Vietnam or sales through commercial channels, be made under the regular military grant aid and sales programs.

Section 9—Ceiling on grants of excess defense articles

The Department of Defense has used existing authority in the Foreign Assistance Act of 1961 to give excess defense articles to foreign countries in such a way as to circumvent the expressed intent of Congress in reducing the military assistance program. Section 9 restricts that authority by placing a $35 million ceiling on the amount of excess defense articles that may be given to foreign countries in any fiscal year.

For all practical purposes, there are at present no restrictions on the amount of military assistance which the Department of Defense can provide by way of its excess stocks—since existing law covering

the use of these weapons and materials requires that only the value of reconditioning this equipment be charged against the annual military assistance authorization. Thus, with virtually no restrictions on its authority to use surplus defense articles under the Military Assistance Program, the Department of Defense can and has utilized this authority to maintain the program at a much higher level than Congress has been willing to provide out of new funding.

A particular example of the Department of Defense's disregard for Congress' efforts to cut back on military assistance occurred last year when Congress refused to authorize an additional $54.5 million to provide the Republic of China with a squadron of F–4 fighter aircraft. Following this refusal, the Department of Defense announced that it was providing the Republic of China with a number of F–100's and F–104's from the Department's excess stocks. In total for fiscal year 1970, Department of Defense pledged to Taiwan $144,000,000 worth of excess defense items—an amount which may be compared to the $341,000 given in the fiscal year 1970 congressional presentation book on the military assistance program as the total amount of excess defense articles that the Republic of China was scheduled to receive for that year.

This example illustrates that so long as the Defense Department has unrestricted use of the excess stockpile—which can be expected to rise sharply as a result of Vietnam—the Congress cannot exercise effective control over the amount of military assistance available to the Department to give to foreign countries.

Section 9 establishes an annual ceiling of $35 million for excess defense articles. For each fiscal year, any amount given away above the $35 million ceiling would be subtracted from the funds available for grant military assistance, and deposited in the Treasury as miscellaneous receipts.

For valuation purposes the provision provides that excess defense articles be valued at not less than 0 percent of acquisition cost; the Department of Defense now values excess articles at an average of 30 percent of original cost.

Section 10—Payments in local currency for military grant aid and surplus military equipment

Section 10 requires that a foreign country which receives military grant aid or excess defense articles to pay, in its own currency 50 percent of the amount of the grant aid or an amount equal to 50 percent of the fair value of the excess material it is given. The foreign currency obtained in payment would be available to meet U.S. obligations in the country and for financing educational and cultural exchange programs. No formal appropriation of the currencies generated in this manner would be required

In none of the countries which are major recipients of military grant aid, Korea, Taiwan, Greece, and Turkey, does the United States own an excess of the local currency. In fact, of the top 10 recipients of military aid programed for fiscal year 1971, only one—Tunisia—is an excess currency country.

There is no valid reason why recipients of military aid should not be required to pay at least part of the value of the materials we give them. Having additional foreign currencies available would lessen the drain on our dollar resources and ease the balance-of-payments

Finally, the requirement of 50 percent payment in value would serve as a brake on the appetites of foreign military leaders, who, under the present system, are encouraged to ask for all the weapons they can get since they cost them nothing. It will insure that requests by foreign countries for military aid must be treated as any other claim on the country's budget resources. If military aid must be weighed in balance with other national priorities, foreign governments may be more reluctant to approve their military leaders' requests for U.S. aid.

Section 11.—Military equipment transfers

The intent of section 11 is (1) to prevent U.S.-supplied military equipment from being transferred to a third country when the United States would not provide the equipment directly and (2) to give the President explicit control over subsequent transfers of military equipment of U.S. origin.

There have been a number news report that Turkey plans to send tanks, originally supplied under the U.S. military assistance program, to Pakistan and that the United States, in turn, plans to provide Turkey with more modern tanks.

In order for Turkey to transfer U.S.-supplied tanks to Pakistan, section 505(1) of the Foreign Assistance Act of 1961 provides that the President must approve such transfer. The possibility of the President's approving the Turkey-Pakistan transfer was raised in committee hearings with Secretary of Defense Laird last year and more recently with Under Secretary of State for Political Affairs, U. Alexis Johnson, and Deputy Secretary of Defense, David Packard. They testified that the administration has not reached a final decision on the case and that it is still under review.

It will be recalled that when hostilities broke out between India and Pakistan in 1965, the United States cut off military assistance to both countries. The same policy has been followed in regard to Honduras and El Salvador, following the outbreak of hostilities between these two countries in 1969.

If this proposed transfer of tanks to Pakistan were approved by the United States, there is sure to be pressure from other countries for the same kind of treatment: India would probably expect to be supplied in the same indirect fashion; Honduras and El Salvador would expect to be supplied through the "back door," and the efforts of these countries would certainly not be lost on others.

In order to prevent such developments, section 11(a) prohibits any country from transferring military equipment, supplied under the military assistance program, to third countries when the United States would not supply such assistance directly to the transfer-receiving country. Thus, the effect of the provision simply reinforces U.S. policy with respect to not providing military equipment where, for any number of possible policy reasons, we do not supply arms directly.

Subsection (b) gives the President explicit control over any succession of transfers of military equipment supplied under Government-financed programs. Cases have arisen in which such equipment has been transferred from the receiving country to a private corporation which, in turn, has transferred the equipment to a third country. In such cases, the President does not have explicit control over this kind of transfer.

This subsection provides for such control by giving the President the power to approve or disapprove each successive transfer of military equipment.

Section 12.—Requiring appropriations to be consistent with authorizing legislation

Section 12 is a product of the debate in the Senate last year concerning an attempt to appropriate $54,500,000 above the authorization for military aid to provide F-4 fighter aircraft to the Republic of China.

There was general agreement at that time, even by members of the Appropriations Committee, that, although technically legal, the appropriation of sums above the amount authorized was bad procedure, and if carried to extremes could seriously undermine the authority of all legislative committees. The Senate by a vote of 62 to 28 adopted an amendment to the foreign aid appropriation bill which stated that no funds could be expended above the amounts authorized. In conference the amendment was rejected and the appropriation item for the jets for Taiwan was reinstated. The Senate rejected the conference report and, by a vote of 48 to 22, instructed its conferees to insist that no appropriations exceed the authorization. The appropriations in the second conference report conformed to the authorization bill.

This section would simply state, as a matter of law, that any appropriation above the amount authorized cannot be used and that any appropriation for which there is not an authorization cannot be expended. It is patterned after language suggested by the General Accounting Office.

Section 13.—Definitions

Section 13 defines the terms "defense article," "excess defense articles," and "foreign country."

Changes in Existing Law

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

THE FOREIGN MILITARY SALES ACT

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Chapter 1.—FOREIGN AND NATIONAL SECURITY POLICY OBJECTIVES AND RESTRAINTS

SECTION 1. THE NEED FOR INTERNATIONAL DEFENSE COOPERATION AND MILITARY EXPORT CONTROLS.—* * *

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It is further the sense of Congress that sales and guaranties under sections 21, 22, 23, and 24, shall not be approved where they would have the effect of arming military dictators who are [denying social progress] *denying the growth of fundamental rights or social progress to*

their own people: *Provided*, That the President may waive this limitation when he determines it would be important to the security of the United States, and promptly so reports to the Speaker of the House of Representatives and the Committee on Foreign Relations in the Senate.

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SEC. 3. ELIGIBILITY.—(a) * * *

[(b) No defense article or defense service shall be sold by the United States Government under this Act to any country which, after the date of enactment of this Act, seizes or takes into custody or fines an American fishing vessel engaged in fishing more than twelve miles from the coast of that country. The President may waive the provisions of this subsection when he determines it to be important to the security of the United States, and promptly so reports to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate.]

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(b) No sales, credits, or guaranties shall be made or extended under this Act to any country during a period of one year after such country seizes, or takes into custody, or fines an American fishing vessel for engaging in fishing more than twelve miles from the coast of that country. The President may waive the provisions of this subsection when he determines it to be important to the security of the United States or he receives reasonable assurances from the country involved that future violations will not occur, and promptly so reports to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate. The provisions of this subsection shall not be applicable in any case governed by an international agreement to which the United States is a party.

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Chapter 3.—MILITARY EXPORT CONTROLS

SEC. 31. AUTHORIZATION AND AGGREGATE CEILING ON FOREIGN MILITARY SALES CREDITS.—(a) There is hereby authorized to be appropriated to the President to carry out this Act not to exceed [$296,000,000 for the fiscal year 1969] *$250,000,000 for each of the fiscal years 1970 and 1971*. Unobligated balances of funds made available pursuant to this section are hereby authorized to be continued available by appropriations legislation to carry out this Act.

(b) The aggregate total of credits, or participations in credits, extended pursuant to this Act (excluding credits covered by guaranties issued pursuant to section 24(b)) and of the face amount of guaranties issued pursuant to sections 24 (a) and (b) during the fiscal year [1969 shall not exceed $296,000,000] *shall not exceed $300,000,000 for each of the fiscal years 1970 and 1971*.

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SEC. 33. REGIONAL CEILINGS ON FOREIGN MILITARY SALES. (a) The aggregate of the total amount of military assistance pursuant to the Foreign Assistance Act of 1961, as amended, of cash sales pursuant to sections 21 and 22, of credits, or participations in credits, financed [illegible] pursuant to section 24(b)), of the face amount of contracts of guaranty

issued pursuant to sections 24 (a) and (b), and of loans and sales in accordance with section 7307 of title 10, United States Code, shall, excluding training, not exceed $75,000,000 in [the fiscal year 1969] *each fiscal year* for Latin American countries.

(b) The aggregate of the total amount of military assistance pursuant to the Foreign Assistance Act of 1961, as amended, of cash sales pursuant to sections 21 and 22, of credits, or participations in credits, financed pursuant to section 23 (excluding credits covered by guaranties issued pursuant to section 24(b)), and of the face amount of contracts of guaranty issued pursuant to sections 24 (a) and (b) shall, excluding training, not exceed $40,000,000 in [the fiscal year 1969] *each fiscal year* for African countries.

(c) The President may waive the limitations of this section when he determines it to be important to the security of the United States, and promptly so reports to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate.

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SEC. 47. Prohibition of assistance to Cambodia.—In order to avoid the involvement of the United States in a wider war in Indochina and to expedite the withdrawal of American forces from Vietnam, it is hereby provided that, unless specifically authorized by law hereafter enacted, no funds authorized or appropriated pursuant to this Act or any other law may be expended for the purpose of—

(1) retaining United States forces in Cambodia;

(2) paying the compensation or allowances of, or otherwise supporting, directly or indirectly, any United States personnel in Cambodia who furnish military instruction to Cambodian forces or engage in any combat activity in support of Cambodian forces;

(3) entering into or carrying out any contract or agreement to provide military instruction in Cambodia or to provide persons to engage in any combat activity in support of Cambodian forces; or

(4) conducting any combat activity in the air above Cambodia in support of Cambodian forces.

○

ator from Utah (Mr. BENNETT), for referral to the proper committee, a bill to authorize further adjustments in the amount of silver certificates outstanding, and for other purposes.

This legislation has been requested by the Secretary of the Treasury and is in keeping with action we took in 1967 to reduce Treasury liability for silver certificates, whenever it has been determined by the Secretary of the Treasury that such certificates have been lost or destroyed or held in private collections never to be presented for collection. In addition, the bill would authorize the Secretary to reduce the amount of certain old Federal Reserve and National Bank notes outstanding in keeping with the policy regarding silver certificates established in 1967.

I ask unanimous consent that the bill be printed in full in the RECORD following my remarks.

The PRESIDING OFFICER (Mr. GRAVEL). The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 3825) to authorize further adjustments in the amount of silver certificates outstanding, and for other purposes, introduced by Mr. SPARKMAN, for himself and Mr. BENNETT, was received, read twice by its title, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

S. 3825

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first section of the Act of June 24, 1967 (31 U.S.C. 405a–2) is amended by inserting a comma and the words "Federal Reserve bank notes, and National bank notes" immediately after "silver certificates" wherever the term appears and by striking out "(not exceeding $200,000,000 in aggregate face value)".

S. 3826—INTRODUCTION OF A BILL TO TERMINATE PRICE-SUPPORT PROGRAMS FOR TOBACCO

Mr. MOSS. Mr. President, I introduce, for appropriate reference, a bill to terminate all price-support programs for tobacco beginning with the 1971 crop of tobacco.

The bill would also terminate export subsidies for the export of tobacco to any foreign country after December 31, 1970.

Passage of this bill will terminate the Government's schizophrenic approach to tobacco. On one hand the official Government health officer, the Surgeon General, informs us that smoking cigarettes is dangerous to our health. On the other hand, the Federal Government spends the taxpayers' money to subsidize the growth of tobacco.

I realize that the growing of tobacco is of great economic importance to our citizens in several States, but tobacco has been proven to be a hazard to the health of the Nation, and, therefore, the Government should not be involved in subsidies to encourage its continued growth.

During the past several months I have received numerous letters from all parts of the country written by citizens who are concerned about the hypocrisy of our Government concerning tobacco. They point out that the Surgeon General's various reports on the hazards of tobacco make it inappropriate for the Government to continue to subsidize the growth of tobacco. This bill should have wide support among the citizens of this country.

I would like to point out that the bill I am introducing today does not terminate price supports for other crops such as grain, cotton, and so forth, but the health hazard involved in the use of tobacco places that particular crop in a separate category.

I ask unanimous consent to have the bill printed in the RECORD.

The PRESIDING OFFICER (Mr. GRAVEL). The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 3826) to terminate all price support programs for tobacco, beginning with the 1971 crop of tobacco, introduced by Mr. Moss, was received, read twice by its title, referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

S. 3826

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) notwithstanding any other provision of law, beginning with the 1971 crop of tobacco, no price support for tobacco shall be made available to producers in any year.

(b) Notwithstanding any other provision of law, no export subsidy may be paid to any person under the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480, Eighty-third Congress), for the export of tobacco to any foreign country after December 31, 1970.

S. 3827—INTRODUCTION OF A BILL TO ALLOW STATES TO APPLY MORE STRINGENT REGULATIONS THAN THOSE SET UNDER THE FEDERAL MEAT INSPECTION ACT

Mr. HART. Mr. President, I am today introducing a bill to allow States to apply more stringent marking, labeling, packaging, or ingredient requirements than those set under the Federal Meat Inspection Act. This bill is a companion to legislation introduced in the other body by Congressman JAMES G. O'HARA of Michigan. Our common concern stems from the current attack being leveled on the Michigan comminuted meat law, which set stringent and precise standards on the sale of various prepared meats within the State. Several national meatpacking firms are seeking to bring comminuted meats into Michigan which do not come up to the standards set under the Michigan law, though they are in accord with the less stringent Federal regulations. These firms contend that the United States has preempted the field from the States, and that compliance with the less stringent Federal requirements is sufficient to allow them to sell their products in Michigan.

Mr. President, when a State takes the side of the consumer in the battle against shoddy goods, I think the State should be given free rein to protect our fellow citizens. I am sure it is not the intent of the Federal legislation to prevent States from moving faster than the Federal Government in promulgating tough meat standards. The legislation I am introducing today would clarify that aspect of the Federal law by explicitly allowing States to set standards tougher than the Federal standards.

Mr. President, I ask unanimous consent that the text of my bill be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER (Mr. GRAVEL). The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 3827) to allow States to apply more stringent marking, labeling, packaging, or ingredient requirements than those set upon the Federal Meat Inspection Act, introduced by Mr. HART, was received, read twice by its title, referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

S. 3827

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 408 of the Federal Meat Inspection Act (21 U.S.C. 678) is amended by striking the word "Marking" and inserting in lieu thereof the words, "Except where such requirements are more stringent than those imposed under this Act, marking".

SENATE RESOLUTION 407—SUBMISSION OF A RESOLUTION AUTHORIZING THE PRINTING OF A COMPILATION ENTITLED "ESTABLISHMENT OF THE SELECT COMMITTEE ON EQUAL EDUCATIONAL OPPORTUNITY, UNITED STATES SENATE" AS A SENATE DOCUMENT

Mr. MONDALE submitted the following resolution (S. Res. 407); which was referred to the Committee on Rules and Administration:

S. RES. 407

Resolved, That a compilation of materials entitled "Establishment of the Select Committee on Equal Educational Opportunity, United States Senate", be printed as a Senate document, and that there be printed one thousand eight hundred additional copies of such document for the use of the Select Committee on Equal Educational Opportunity.

AMENDMENT OF FOREIGN MILITARY SALES ACT

AMENDMENT NO. 622

Mr. DOLE submitted an amendment, intended to be proposed by him, to the bill (H.R. 15628) to amend the Foreign Military Sales Act, which was ordered to lie on the table and to be printed.

(The remarks of Mr. DOLE when he submitted the amendment appear later in the RECORD under the appropriate heading.)

AMENDMENT NO. 623

Mr. MONDALE. Mr. President, when the President sent American troops into Cambodia, he did more than widen the war. He pointed up, for all the American people, a broad constitutional issue of the control of U.S. foreign policy,

particularly as it involves the matter of making war.

The American people have seen, and they do not like what they see. They see our military men apparently having the President's ear, giving him the same bad advice they gave his predecessors. They see the mistakes of the past repeated all over again. They demand action from their elected representatives to regain control over military policymaking.

The actions of the Defense Department, no less than those of any other Cabinet department or any administrative agency, must be limited to the authority granted by law. Neither the Defense Department, nor any other segment of the executive branch of Government, can be permitted to disregard those limits with impunity. If the American system of government is to work, our sprawling bureaucracy must be accountable for its actions.

Since the end of World War II, we have seen a pattern of congressional acquiescence in matters of military policy. Our past history of blanket acceptance of the Executive's actions involving both military and foreign policy is not only in sharp contrast to our close scrutiny of domestic programs; it also amounts to an abdictation of clearly defined constitutional responsibilities.

Last year, Congress took the first important step toward a more careful review of the military budget. It is obvious that this effort will be continued.

But there is another area of Pentagon activity which has received far less publicity, and hence has had far less of an impact on public consciousness than excessive military spending. I refer specifically to military aid, and to a most particular kind of military aid—that by which equipment and material in excess of the needs of our Armed Forces is transferred to foreign governments.

The Defense Department and the State Department find the legal authority for this surplus arms program in sections 503(a) and 644(g) of the Foreign Assistance Act of 1961, as amended. These provisions authorize the President to furnish military assistance by loan or grant, and define the term "excess defense articles."

But the existence of legal authority is no guarantee of legislative control. For what we are dealing with in this transfer of surplus military supplies is something above and beyond the ordinary military assistance appropriations which Congress makes every year. It is military assistance which is not charged against appropriations. It can be disposed of either by sale or gift; the bulk of this equipment, however, is given away.

By relying on this program for the disposal of surplus arms abroad, the Pentagon needs no congressional authorization. Furthermore, there is no dollar limitation on the quantity of arms which can be transferred under this program.

While the Defense Department does report its various surplus arms transactions when it comes before Congress requesting its annual military assistance appropriation, there is nothing to prevent a report being submitted after the fact of transfer—well after some transaction that can be both embarrassing and even dangerous. And under present law, there is little Congress can do to regulate such transactions even if we were fully informed in advance of what the Pentagon planned to do.

The lack of congressional power to control this program is in sharp contrast to other types of military assistance programs. For example, direct military grant assistance under the traditional foreign aid program requires annual authorizations and appropriations by Congress. Thus, Congress can limit the amount of military aid available to foreign governments under this program.

Another method of transferring arms to foreign governments is under the military sales program.

It was not too long ago that the Pentagon had complete latitude with respect to military sales. In the summer of 1967, it was revealed that the Export-Import Bank was opening lines of credit by which the Pentagon was able to sell arms to countries without revealing the names of these countries to the Bank. This unbusiness like way of doing things was nevertheless quite acceptable to the Export-Import Bank, because its so-called country loans were guaranteed by the Pentagon up to 25 percent through a revolving fund maintained for that purpose. Over $600 million worth of arms loans were made to underdeveloped countries through this program.

This "country X" program was not a secret, but it was not exactly a household word. Once it surfaced, however, there was fast action. The Pentagon's loan guarantee program was abolished, and the Export-Import Bank was forbidden to make any more loans to finance arms purchases. The Defense Department can still sell arms on credit, but it must first obtain congressional authorization; and Congress sets an annual ceiling on the amount of such sales.

In addition, Congress has forbidden the use of military aid to furnish sophisticated weapons systems to underdeveloped countries. It has imposed restrictions on military aid to Latin American and to Africa. It has stipulated that the sale of military equipment to less developed countries shall be cut off if those countries divert either economic assistance of Public Law 480 assistance to military expenditures, or if they divert their own resources to unnecessary military expenditures.

All of these restrictions were imposed with one end in view—congressional control of U.S. military assistance. All were designed to plug any leak in the dike and to make the policies of the Congress perfectly clear to the Executive.

Yet, despite the best efforts of the House and the Senate, we now find another leak in the dike—the disposal of military hardware and equipment that has been declared in excess of U.S. needs. And it is a leak which is becoming larger every day.

Several weeks ago, the State Department disclosed that surplus U.S. military equipment originally costing $3.4 billion had been given to foreign governments under this program over the past 19 years. Of that total, $2 billion has been within the last 2 years, the Pentagon has begun to rely on this program to a much greater extent than in the past. Since other types of military assistance have been brought under congressional control and thereby reduced in scope, the Pentagon views the surplus arms program as the primary means of getting back into the business of military assistance on a grand scale.

The best example of this trend was revealed by the probing of Representative SILVIO CONTE, a member of the House Appropriations Committee. His investigation disclosed some interesting and unknown facts about the transfer of arms to Nationalist China—the same country which caused such a great controversy during the debate over the fiscal year 1970 foreign aid appropriations bill.

This bill was blocked during the last session of Congress because the Senate conferees would not agree to providing $54.5 million for an extra Phantom jet fighter squadron for Nationalist China. When that item was finally deleted, the appropriations bill went through, with Nationalist China receiving approximately $25 million in direct military assistance.

Yet, while all this was going on, Congressman CONTE obtained information from the Defense Department which revealed that the Pentagon had secretly supplied the Nationalist Chinese with some $157 million worth of weapons and equipment under this excess disposal program—over six times the amount approved by Congress in direct military assistance to that country. Included in this little package were four 20-year-old destroyers, equipment for a Nike-Hercules battery, more than 35 F–100 Super Sabre jets, more than 20 F–104 Starfighters, more than 30 C–119 Flying Boxcars, some 50 medium tanks, about 120 howitzers, and thousands of M–14 rifles. While the Pentagon declined to confirm or deny the truth of this story, the State Department confirmed it the very next day.

According to John Finney's story in the New York Times of March 29, 1970, the State Department described the transaction "as part of a general program of using surplus arms to bolster the defenses of such 'forward defense' countries as South Korea, Turkey, and Taiwan." It was noted that in recent months, the Defense Department has transferred under this program some 790,000 used rifles, carbines, and submachineguns to South Korea.

It has also been disclosed that about 73 percent of all surplus equipment is now going to Taiwan, Turkey, South Korea, and Greece. While aid to Greece has apparently consisted only of trucks, ammunition, and small arms because of the embargo of heavy military supplies imposed against that country after the military coup in 1967, the question can be raised as to whether Congress would have approved any military aid to Greece during this period. Because of the complete Executive discretion under this program, Congress never had the opportunity to approve or disapprove.

It is interesting that the State Department was willing to confirm Congressman CONTE's report about the recent arms transfer to Nationalist China, while the Defense Department remained

silent. We may speculate that the State Department, which is supposed to clear the disposal of any surplus military item, acceded to this transfer with reluctance. Certainly State does not exercise the tight control over the disposal of surplus weapons that it manages to maintain over military sales.

The fact is that this surplus arms program is being used to supplement a reduced and congressionally regulated foreign assistance program. Indeed, according to the New York Times, the principal justification offered by State Department officials for the recent shipment of surplus arms to Nationalist China was the sharp reduction in the military assistance program.

Unless something is done, Congress may soon lose control over the transfer of arms to foreign governments. The leak in the dike must be plugged.

That is why I am today submitting an amendment to H.R. 15628, the Foreign Military Sales Act, which is now before the Senate Judiciary Committee. It is intended as an amendment to the Foreign Assistance Act of 1961, and it is designed to recapture control of the surplus arms disposal program from the Department of Defense—vesting it in the Congress, where it rightfully belongs.

My amendment has two parts: First, it sets a ceiling, an absolute annual ceiling, of $50 million on the amount of arms and equipment that may be disposed of as military surplus. Furthermore, that $50 million valuation is based on the acquisition value of the items—what they cost the Government when they were originally purchased. At present, the Pentagon sets a "utility" value on this surplus of 30 percent of its original cost. My amendment would do away with this arbitrary valuation, which carries with it an obvious opportunity for manipulation.

Second, under this amendment, the Executive would be required to submit to Congress annually a schedule of the countries to which it proposes to transfer military surplus, as well as the items to be transferred to each country. The approval of this schedule would rest with Congress. Once the schedule is approved, if the Executive wants to add a new country to the original list, or to increase the cost of surplus arms to be transferred to any country by more than 10 percent, it would have to come back to Congress for additional approval.

It is my hope and belief that through this amendment, we can bring surplus military assistance back under the foreign aid program, and hence under the control of Congress in law and in fact.

It is vitally important to do so at this time. For as John Finney noted in the New York Times:

> With the reduction of the United States military forces and withdrawal of troops from South Vietnam, billions of dollars' worth of weapons are being declared surplus by the military services. A study by the staff of the Senate Foreign Relations Committee suggest that the total may come to $10 billion, although State Department officials believe this estimate is too high.

Thus, given the increased availability of surplus arms and given the increased reliance by the Pentagon on this program, the time is ripe for congressional action. If this program is not brought under congressional control, I fear that we could become involved in other military adventures as unsound, as unpopular, and as unrelated to our vital national interests as the endless conflict in which we are now bogged down in Indochina.

In order to put a stop to the independent foreign policy of the Pentagon, to prevent the use of military assistance for unapproved purposes, and to insure that every transfer of military arms and equipment is undertaken only with congressional sanction, we must change the surplus arms program. The amendment which I have proposed makes this possible.

Mr. President, I ask unanimous consent that the text of this amendment be printed at this point in the RECORD.

The PRESIDING OFFICER (Mr. TALMADGE). The amendment will be received and printed, and will lie on the table; and, without objection, the amendment will be printed in the RECORD.

The amendment (No. 623) is as follows:

AMENDMENT No. 623

At the end of the bill, add the following new section:

SEC. 7. The Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"SEC. 652. EXCESS DEFENSE ARTICLES.—(a) The total cost of excess defense articles that may be transferred to all foreign countries and international organizations shall never exceed $50,000,000 during any fiscal year. The President shall transmit annually to the Committee on Foreign Relations of the Senate and to the Committee on Foreign Affairs of the House of Representatives a report enumerating each excess defense article to be transferred during the succeeding fiscal year and the foreign country or international organization to which each such article is to be transferred.

"(b) There shall be authorized by law for each fiscal year the total cost of excess defense articles that may be transferred to each foreign country and each international organization. No excess defense article may be transferred to any such country or organization (1) if there is no authorization for any transfer to that country or organization for that fiscal year, or (2) when there exists such an authorization for that country or organization, if the cost of that article, when added to the total of the costs of all such articles already transferred to that country or organization during the same fiscal year (if any), exceeds the total of the costs of all excess defense articles so authorized to be transferred to such country or organization during that fiscal year plus 10 per centum.

"(c) For purposes of this section, the cost of each excess defense article is the cost to the United States of acquiring that article."

NOTICE OF HEARINGS ON S. 3678, FOREIGN BANKING SECRECY

Mr. PROXMIRE. Mr. President, I wish to announce that the Subcommittee on Financial Institutions of the Committee on Banking and Currency will hold hearings on S. 3678, a bill to amend the Federal Deposit Insurance Act to require insured banks to maintain certain records, to require that certain transactions in U.S. currency be reported to the Department of the Treasury and for other purposes.

The hearings will be held on Monday through Thursday, June 1, 2, 3, and 4, 1970, and will begin at 10 a.m. in room 5302, New Senate Office Building.

Persons desiring to testify or to submit written statements in connection with these hearings should notify Mr. Kenneth A. McLean, Senate Committee on Banking and Currency, room 5300, New Senate Office Building, Washington, D.C. 20510; telephone 225-7391.

ANNOUNCEMENT OF HEARINGS ON OIL SHALE RESERVES

Mr. MOSS. Mr. President, on behalf of the Subcommittee on Minerals, Materials, and Fuels of the Senate Interior Committee, I announce that public hearings have been scheduled for next Thursday, May 14, on the situation with respect to development of the vast oil shale reserves in the public lands.

The hearings will open at 10 o'clock, and will be held in the Interior Committee room, 3110, New Senate Office Building. The subcommittee has urged Interior Secretary Walter J. Hickel to appear personally to set forth the facts and make recommendations to us to enable us to reach a determination as to whether new legislation is needed to bring about development. The Director of the Office of Naval Petroleum and Oil Shale Reserves also has been invited to appear.

Mr. President, studies by the Subcommittee on Minerals, Materials, and Fuels of the Interior Committee show that our country may be facing critical shortages of energy in the not too distant future. The supply situation is rendered more acute by our growing awareness of the perils to our environment from the production and use of certain forms of energy.

This is a most necessary and a most healthful development. But unless we are to become increasingly dependent on foreign sources for fuels, we must find and develop new sources within our own borders to meet the burgeoning requirements of our economy and way of life.

One of the great potential sources of energy, as yet untapped, is the vast oil shale reserves in Utah, Colorado, Wyoming, and other Western States, including Alaska. The richest and most abundant of these reserves lie in federally owned lands. These deposits are subject to the Mineral Leasing Act of 1920, but all reserves in Federal lands were withdrawn in 1930 by President Hoover in the wake of the Teapot Dome scandals.

Secretary Udall tried to initiate a program in 1967 for development of these reserves. Unfortunately, the potential developers felt that the conditions he laid down were too stringent, too uncertain, and too expensive for a wholly new industry, and nothing concrete came of Secretary Udall's program.

As I have stated, our country will need, and need soon, the energy locked up in these oil shale reserves. It is hoped our subcommittee hearing will clarify the political and economic situation so that development of this great federally owned natural resource may get underway.

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OFFICIAL ROUTING SLIP

TO	NAME AND ADDRESS	DATE	INITIALS
1	DDP		
2	Col. White		
3	[redacted]		
4	George Carver		
5	OGC		
6			

STAT

	ACTION		DIRECT REPLY		PREPARE REPLY
	APPROVAL		DISPATCH		RECOMMENDATION
	COMMENT		FILE		RETURN
	CONCURRENCE		INFORMATION		SIGNATURE

Remarks: Know you are interested in the Church-Cooper-Aiken-Mansfield amendment to the Foreign Military Sales Act which is the order of business for the Senate today. See page 15 of the attached report for language. For further explanation concerning the intent of the language, and Dept. of State's views, see pp. 3 through 7 and 9 through 10.

Also attached is the Mondale amendment aimed at restricting the furnishing of "excess defense articles" to foreign countries.

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FROM: NAME, ADDRESS AND PHONE NO.	DATE
JOHN M. MAURY, Legislative Counsel	5-13-70

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